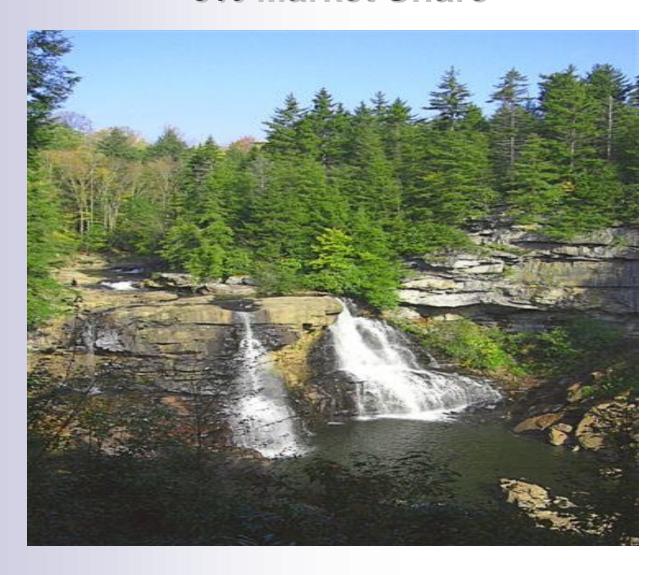
State of West Virginia

Medical Malpractice Report on Insurers with over 5% Market Share



Provided by the Office of the West Virginia Insurance Commission

November, 2005

Introduction

The West Virginia Office of the Insurance Commissioner has prepared this report in response to the Medical Professional Liability Insurance situation in West Virginia and to fulfill the requirements and intent of West Virginia Regulations 114CSR22, 114CSR23 and West Virginia Code 33-20B-6. The information used in the preparation of this report encompasses the experience found in the statutorily required 'filed information' of those insurers with 5% or greater market share, the rate filings of those companies, National Association of Insurance Commissioners (NAIC) supplementary information, Insurance Services Office (ISO) loss cost filings, other ISO reports, A. M. Best reports, and data from the West Virginia Board of Medicine.

A *claim for medical malpractice*¹ means a claim arising out of the rendering of, or the failure to render medical care services. An "action of medical malpractice" is a tort or breach of contract claim for damages due to the death, injury, or monetary loss to any person arising out of any medical, dental, or surgical diagnosis, treatment, or care of any provider of healthcare.

In any action for recovery of damages based upon medical malpractice, the claimant has the burden of proving the alleged actions of the healthcare provider represented a breach in the prevailing standard of care for that type of healthcare provider. The prevailing professional standard of care for a given healthcare provider is that level of care, skill and treatment which, in light of all relevant surrounding circumstances, is recognized as acceptable and appropriate by reasonably prudent, similar healthcare providers.

¹ 2003 University of Central Florida <u>Governor's Select Task Force on Healthcare Professional</u> <u>Liability Insurance</u>

The medical malpractice market has gone through its third crisis or "hard" insurance market in thirty years. The first medical malpractice crisis occurred in the mid-to–late 1970s. The second medical malpractice crisis occurred in the mid-1980s. The latest medical malpractice crisis began in early 2001. The recent hard insurance market has been driven by a number of factors²:

- Rising loss trends;
- Higher and more volatile jury awards;
- Adverse reserve development on prior accident/report year reserves;
- Reduced carrier capacity;
- Rising cost of reinsurance;
- Varying success of tort reform packages in multiple states (e.g., constitutionality, ability to pass tort reform); and
- Declining investment returns.

As this paper will show, West Virginia's *medical malpractice insurance results* display a tremendous improvement during 2004. Rate increases approved over the last four years, the passage of H.B. 601 and H.B. 2122 creating the West Virginia Physicians' Mutual Insurance Company have all contributed to the change in the Medical Malpractice Liability results in West Virginia.

This year's report covers the following medical malpractice insurance areas:

• **Section I:** An overview of the Industry's *by-line* insurance results in 2004 together with a *comparison* of Industry results and West Virginia results for Medical Malpractice Insurance.

² July/August 2004 Contingencies Magazine (www.contingencies.org), <u>The Medical Malpractice</u> Market: From National Dominance to Regional Focus, Kevin Bingham.

- **Section II:** A review of the West Virginia Board of Medicine paid claim data covering 1993–2004.
- Section III: A fulfillment of the legislative requirements examining market positions, rating plans and rules, and a comparison of filed information to rate filings and financial statement information. A review of rate filings and investment returns is provided. Also, a sample comparison of current approved physician's and surgeon's rates in West Virginia is included. This year's report includes a first look at the West Virginia Physicians' Mutual Insurance Company which started operations in July, 2004.
- **Section IV:** Summary observations.

The overall goal of this report is to provide the reader with insight into the current Medical Malpractice Insurance situation in the State of West Virginia.

Table of Contents

Introduction	on	1
Section I:	Overview of Industry Results for 2003	6
I-A:	Medical Malpractice Results for the Industry	8
I-B:	Industry vs. West Virginia Med Mal Results	10
I-C:	Key Drivers of West Virginia Med Mal Results	14
I-D:	Losses & Defense Costs vs. Earned Premium	15
I-E:	A Cautionary Note	16
Section II:	Analysis of paid claim information	17
II-A:	How Malpractice claims are disposed of in West Virginia	18
II-B:	Historical Judgments	20
II-C:	Historical Settlements	22
II-D:	Paid Data Collection	24
Section III	: Review of 5% Market Share Companies	25
III-A	: Enabling Legislation	28
III-B	: Market Positions	29
III-C	: Rating Plans and Rules	31
III-D	: Reconciliation of Information	32
III-E	: Rate Filings	34
III-F	: Investment Returns	34
Section IV	: Summary observations	35
Glossary	of Terms	38

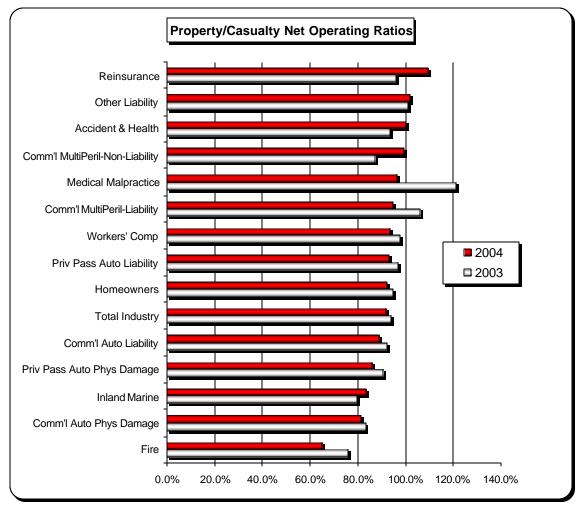
Exhibits		41
I:	Loss and Premium Information/Reconciliation	42
II:	Comparison of Budgeted Expenses	45
III:	Comparison of Investment Income Provisions	46
IV:	Comparison of Premium Trends	47
V:	Comparison of Loss Development Factors	48
VI:	Written Premium Reconciliation	49
VII	Sample Comparison of Physicians Rates	50
Appendix	: NAIC Premium and Loss Information by Company	51
	Physicians (West Virginia)	52
	Hospitals (West Virginia)	53
	Other Health Care Facilities (West Virginia)	54
	Other Health Care Professionals (West Virginia)	55
	Other Med Mal Policies (West Virginia)	56
	Total Medical Malpractice (West Virginia)	57

Section I

Overview

Section I. Overview of Countrywide Insurance Results for 2004

Last year's report noted a strong improvement in **combined** *all lines* **property and casualty insurance** *industry* **results** posting a net operating ratio of 93.9%. The results for 2004 show a continuation of this improvement. The combined net operating ratio dropped from 93.9% in 2003 to 91.8% in 2004. The net operating ratio reflects the results after paying/reserving for all claims and claim expenses; paying underwriting expenses and dividends; paying and collecting on reinsurance agreements; and accounting for investment gains/losses.



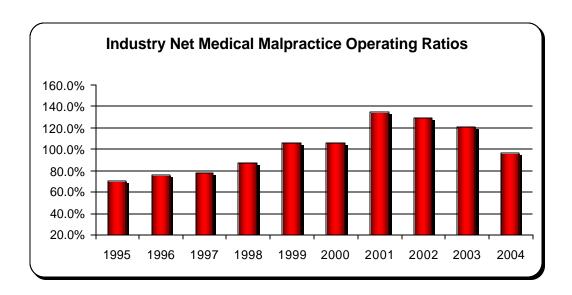
Source: A. M. Best

Several points should be noted on the industry results for 2004:

- The reinsurance industry displayed the poorest operating results in 2004 with an operating ratio of 109.8%. In previous years, Medical Malpractice insurance held this distinction.
- The countrywide operating ratio *improved from 93.9% in 2003 to 91.8% in 2004*
- The 91.8% overall countrywide operating ratio is the best result the industry has posted since 1997's 91.1%.

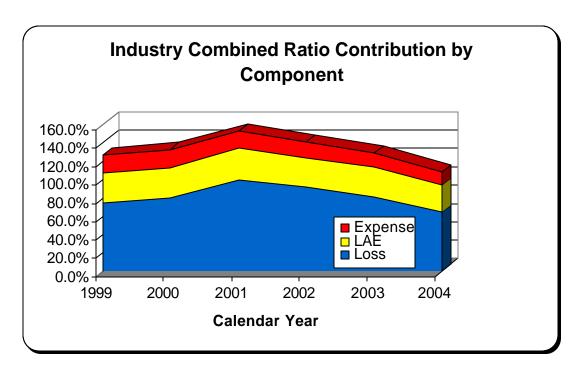
I-A. Medical Malpractice Insurance Results for the Industry

Medical Malpractice, which was the poorest performing line of insurance in 2002 and 2003, showed dramatic improvement in 2004. The results show that this line improved its operating ratio from 129.6% in 2002 to 121.3% in 2003 to 96.3% in 2004. The graph below displays **industry** net operating ratios over the last ten years:



Source: A. M. Best

The next chart displays the combined ratio contribution by component excluding dividends and investment income:



Source: A. M. Best

Profitability for medical malpractice writers can be examined in the following table. Profitability can be volatile from year to year, thus *it is important to look at a number of years:*

Profitability - 59 Medical Malpractice Organizations

_	2000	2001	2002	2003	2004
Net Income (\$M)	\$523	(\$263)	(\$864)	(\$737)	\$51
Surplus (\$M)	\$7,102	\$6,678	\$5,538	\$5,538	\$6,339
Return on Surplus	7.3%	-3.8%	-14.2%	-13.3%	0.9%

Over the past three years, the 59 medical malpractice organizations above have lost \$1.55 billion. In the past five years, the organizations have lost \$1.29 billion.

I-B. Medical Malpractice: Industry vs. West Virginia Comparison

The exhibit below provides a comparison of Medical Malpractice results for the Industry with results for West Virginia over the 1999 – 2004 time periods. In reviewing this exhibit, the two areas of difference (other than premium) are the direct loss ratio and the allocated loss adjustment expense (ALAE). BRIM II results are included in this comparison in the 2004 year, as this business novated to the West Virginia Physicians' Mutual Insurance Company. Written premiums are at higher levels due to rate increases over the last several years.

Industry vs. West Virginia Medical Malpractice Results (000's)

INDUSTRY (Best's Aggregates & Averages)

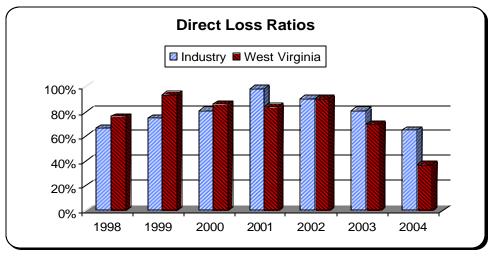
		Direct Written	Direct Earned	Direct Loss			Loss Adjustment	Underwriting	Direct Combined
	Year	Premium	Premium	Ratio	ULAE	ALAE	Expense	Expense	Ratio
	1999	6,012,482	5,997,702	74.7%	5.6%	26.5%	32.1%	20.1%	126.9%
	2000	6,306,791	6,262,382	80.6%	5.6%	26.6%	32.2%	19.4%	132.2%
	2001	7,355,013	6,842,009	99.6%	6.0%	28.6%	34.6%	18.7%	152.9%
Ī	2002	9,084,995	8,613,276	92.3%	5.5%	26.5%	32.0%	16.3%	140.6%
	2003	10,420,347	9,967,661	81.9%	5.4%	25.9%	31.3%	15.4%	128.6%
Ī	2004	9,409,296	9,195,614	64.7%	5.4%	24.1%	29.5%	14.4%	108.6%
-	Total	48,588,924	46,878,644	81.9%	5.6%	26.2%	31.8%	17.0%	130.7%

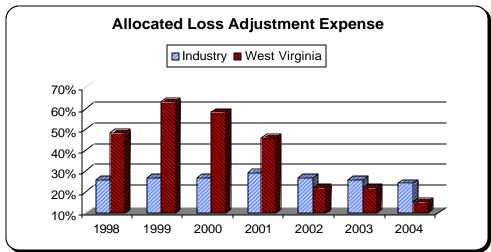
WEST VIRGINIA (NAIC Annual Statement Data)

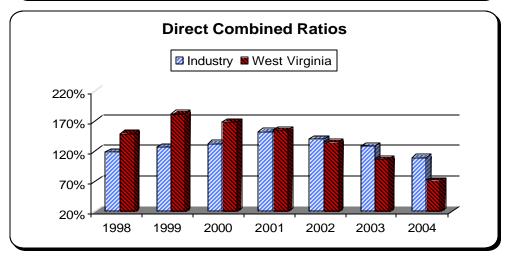
	Direct Written	Direct Earned	Direct Loss			Loss Adjustment	Underwriting	Direct Combined
Year	Premium	Premium	Ratio	ULAE	ALAE	Expense	Expense	Ratio
1999	50,303	48,996	93.7%	5.6%	62.8%	68.4%	20.1%	182.2%
2000	73,320	62,785	85.6%	5.6%	58.1%	63.7%	19.4%	168.7%
2001	84,701	79,215	83.7%	6.0%	46.3%	52.3%	18.8%	154.8%
2002	91,978	100,556	91.0%	5.6%	21.5%	27.1%	16.5%	134.6%
2003	76,762	76,672	69.7%	5.5%	16.0%	21.5%	15.6%	106.8%
2004	142,976	123,472	36.8%	5.4%	14.8%	20.3%	14.4%	71.4 %
Total	519.940	491.696	71.3%	5.6%	32.0%	37.6%	16.9%	120.2%

Note the **outstanding** result in West Virginia for 2004!

Visually, the comparison of Industry results with West Virginia results for Medical Malpractice can be seen in the three graphs that follow:







A number of very *favorable* observations can be made from the Industry vs. West Virginia Medical Malpractice comparison:

- The results for 2004 show a *dramatic* improvement in West Virginia.
- The combined ratio fell to **71.4% in West Virginia** compared with 108.6% countrywide.
- A large decline occurred in the West Virginia direct loss ratio, dropping 32.9 points, to 36.8% in 2004. Thus, the direct loss ratio has dropped from a high of 93.7% in 1999, to its present low of 36.8%.
- Additionally, the significant improvement in loss adjustment expense that occurred in 2002, continued in 2003 and on into 2004. The *loss adjustment* expense ratio in West Virginia now stands at 20.3%, down from a 1999 high of 68.4%. This is below the countrywide average of 29.5%.
- In 1999, the direct combined ratio in West Virginia was 182.2%; it now stands at 71.4%.
- Note that figures prior to 2004 exclude BRIM results, thus the drop in written premium from 2002 (\$92 M) to 2003 (\$77 M). The results for 2004 include the BRIM II novation to the new Physicians' Mutual. This explains the large increase in written premium shown in 2004 (\$143M). The written premium figures for 2003 are understated, while the same figures for 2004 are overstated. Results for the Mutual will be discussed later in this report.
- A review of the Direct Operating Ratio (which further reflects Dividends Paid and Investment Gain/Loss) produces the results which follow:

Direct Operating Ratio Comparison

Industry Med Mal

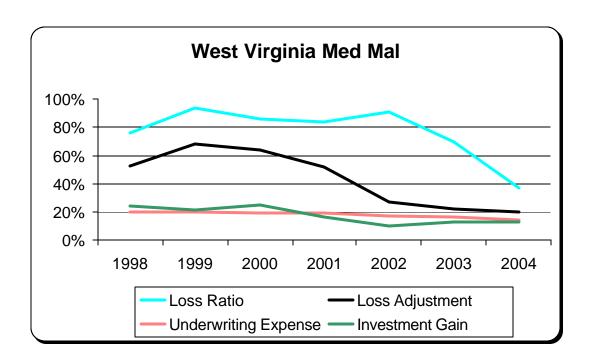
	Direct		Combined		Direct
	Combined		Ratio(after	Investment	Operating
Year	Ratio	Dividend	Dividend)	Gain	Ratio
1999	126.9%	3.7%	130.6%	20.5%	110.1%
2000	132.3%	3.7%	136.0%	24.5%	111.5%
2001	153.0%	2.7%	155.8%	15.9%	139.9%
2002	140.6%	1.7%	142.3%	9.9%	132.4%
2003	128.5%	0.4%	128.9%	12.6%	116.3%
2004	108.6%	0.5%	109.1%	12.6%	96.5%
	130.7%	1.8%	132.5%	19.2%	113.3%

West Virginia Med Mal

	Direct		Combined		Direct
	Combined		Ratio(after	Investment	Operating
	Ratio	Dividend	Dividend)	Gain	Ratio
1999	182.2%	3.7%	185.9%	20.5%	165.4%
2000	168.7%	3.7%	172.4%	24.5%	147.9%
2001	154.8%	2.7%	157.5%	15.9%	141.6%
2002	134.6%	1.7%	136.3%	9.9%	126.4%
2003	106.8%	0.4%	107.2%	12.6%	94.6%
2004	71.4%	0.5%	71.9%	12.6%	59.3%
•	120.2%	1.8%	122.0%	19.2%	102.8%

 These figures show that after accounting for dividends and investment gain, medical malpractice produced an *operating profit for 2003* and 2004 in West Virginia. This is in contrast with countrywide results which show only a modest profit in 2004.

I-C. Key Drivers of West Virginia Medical Malpractice Insurance Results



Negative Factors

None

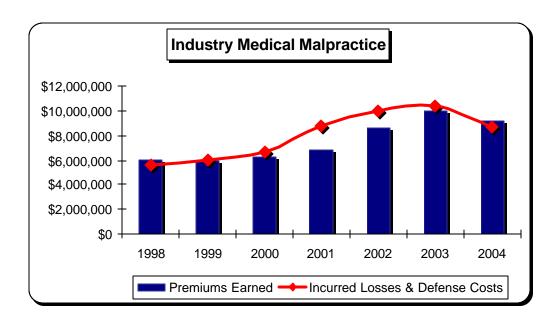
Positive Factors

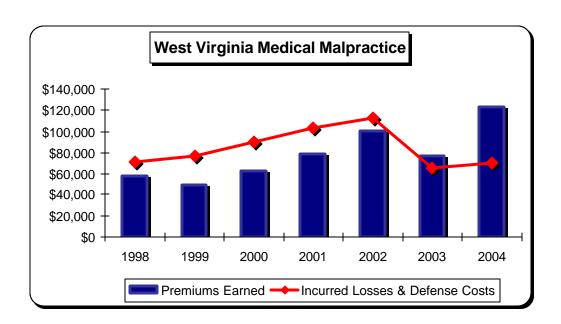
- Sharp decline in Loss Ratio
- Continued decline in Loss Adjustment Expense
- Decline in Underwriting Expense
- Recovering and Stabilizing Investment Gains

Overall, the **graph above visually shows a return to stability in the West Virginia Medical Malpractice market.**

I-D. Loss and Defense Costs Incurred vs. Premiums Earned

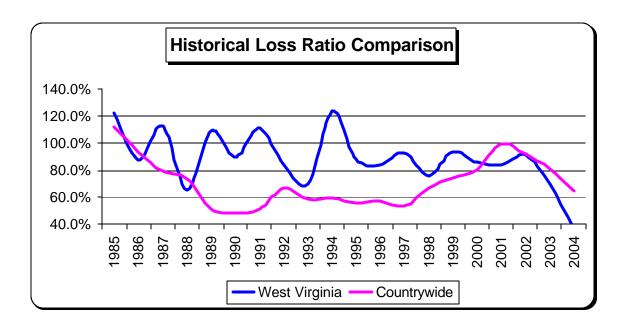
The charts below compare losses and defense costs for the Industry against the comparable figures for West Virginia. They clearly show that results for losses and defense costs in West Virginia have exceeded premiums until the turnaround reported for 2003 and more dramatically, in 2004.





I-E. A Cautionary Note

The loss ratio in West Virginia for Medical Malpractice in 2004 is an outstanding improvement over prior years. However, as the graph below (comparing West Virginia Loss Ratios with Countrywide) suggests, West Virginia loss ratios have not been stable over the years. This is most likely the result of the limited amount of volume written in the State. West Virginia's loss ratio has shown significant improvement over the last two years. As a result, *rate changes stabilized in 2005 and even decreased modestly*.



Section II

A Review of Paid Claim Data provided by the West Virginia Board of Medicine

Section II. Analysis of Paid Claim Information provided by the West Virginia Board of Medicine

<u>Cautionary note</u>: The following information is **not insurance data**; rather it is information provided to the West Virginia Board of Medicine on Medical Malpractice claims after their disposition; as such, it has not been audited for accuracy. "Disposition" in this case means claims which have been dismissed, settled, or adjudicated. These are indemnity payments only, thus, loss adjustment amounts are not included. While not strictly matching insurance data, this information is valuable in identifying trends. It should also be noted that the data does not include hospitals or doctors working within a corporate structure. Even with twelve years worth of data, the number of claims and loss dollars are small enough to limit the credibility of the information. This information does include BRIM claim payments.

II-A. How Malpractice Claims are disposed in West Virginia

The exhibit below displays paid claim count information for 1993 – 2004.

West Virginia Board of Medicine

Claim Count Review

	Number of	% of	Judgm	ents	% of	Settler	nents	% of	All
Year	Dismissals	Total	Non Zero	Total	Total	Non Zero	Total	Total	Total
1993	79	28%	8	18	6%	186	187	66%	284
1994	74	23%	10	36	11%	208	210	66%	320
1995	103	31%	14	38	11%	190	190	57%	331
1996	81	27%	5	20	7%	194	197	66%	298
1997	114	26%	9	28	6%	289	291	67%	433
1998	53	22%	9	27	11%	156	156	66%	236
1999	99	30%	15	28	8%	207	208	62%	335
2000	104	30%	7	37	11%	204	205	59%	346
2001	112	30%	9	37	10%	226	230	61%	379
2002	122	39%	7	25	8%	165	166	53%	313
2003	108	42%	4	23	9%	127	129	50%	260
2004	87	39%	6	24	11%	112	112	50%	223
				•				•	
Total	1,136	30%	103	341	9%	2,264	2281	61%	3,758

- West Virginia averages 313 malpractice claims per year. Over the past twelve years, 30% of malpractice claims have been dismissed. In 2001, H.B. 601 was passed. One of its key elements was §55-7B-6, requiring a 'certificate of merit'. As the provision reads a certificate of merit is required prior to the filing of a medical professional liability action against a health care provider. Specifically, "[the] certificate of merit shall be executed under oath by a health care provider qualified as an expert under the West Virginia rules of evidence and shall state with particularity: (1) the expert's familiarity with the applicable standard of care in issue; (2) the expert's qualifications; (3) the expert's opinion as to how the breach of the applicable standard of care resulted in injury or death". We believe that this screening process explains the sharp and maintained rise in the percentage of dismissals seen beginning in 2002. Additionally, in 2002, we have seen a sharp drop in the percentage of claims settled.
- Overall, the number of claims filed has dropped significantly from 379 in
 2001 to 223 in 2004—a decline of over 40%.
- On average, less than 10% of malpractice claims go to court. Of the claims that do go to court, roughly 70% receive a judgment of \$0. Only 30% of the claims adjudicated actually receive a non-zero judgment. Put another way, only 2.7% of malpractice claims end up in court and receive a non-zero judgment.
- On average, 61% of malpractice claims are settled without court involvement.

II-B. Judgments

The next exhibit displays Paid Judgments by size of payment.

West Virginia Board of Medicine Size of Paid Judgments

		1993		1994		1995		1996		1997	1998	
Interval	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Loss=\$0	10	\$0	26	\$0	24	\$0	15	\$0	19	\$0	18	\$0
\$0 <loss<=\$100k< td=""><td>4</td><td>\$64,931</td><td>0</td><td>\$0</td><td>7</td><td>\$301,907</td><td>1</td><td>\$18,000</td><td>0</td><td>\$0</td><td>2</td><td>\$132,514</td></loss<=\$100k<>	4	\$64,931	0	\$0	7	\$301,907	1	\$18,000	0	\$0	2	\$132,514
\$100K <loss<=\$250k< td=""><td>0</td><td>\$0</td><td>2</td><td>\$320,000</td><td>2</td><td>\$355,200</td><td>1</td><td>\$130,337</td><td>5</td><td>\$914,921</td><td>2</td><td>\$336,640</td></loss<=\$250k<>	0	\$0	2	\$320,000	2	\$355,200	1	\$130,337	5	\$914,921	2	\$336,640
\$250K <loss<=\$500k< td=""><td>2</td><td>\$720,616</td><td>5</td><td>\$1,731,819</td><td>2</td><td>\$647,127</td><td>1</td><td>\$437,500</td><td>0</td><td>\$0</td><td>0</td><td>\$0</td></loss<=\$500k<>	2	\$720,616	5	\$1,731,819	2	\$647,127	1	\$437,500	0	\$0	0	\$0
\$500K <loss<=\$1m< td=""><td>0</td><td>\$0</td><td>3</td><td>\$1,894,600</td><td>1</td><td>\$751,511</td><td>1</td><td>\$1,000,000</td><td>3</td><td>\$2,036,986</td><td>2</td><td>\$1,940,000</td></loss<=\$1m<>	0	\$0	3	\$1,894,600	1	\$751,511	1	\$1,000,000	3	\$2,036,986	2	\$1,940,000
\$1M <loss< td=""><td>2</td><td>\$4,500,000</td><td>0</td><td>\$0</td><td>2</td><td>\$3,966,624</td><td>1</td><td>\$1,500,000</td><td>1</td><td>\$3,684,822</td><td>3</td><td>\$4,270,552</td></loss<>	2	\$4,500,000	0	\$0	2	\$3,966,624	1	\$1,500,000	1	\$3,684,822	3	\$4,270,552
Total Judgments	18	\$5,285,547	36	\$3,946,419	38	\$6,022,369	20	\$3,085,837	28	\$6,636,729	27	\$6,679,706
Total Non-Zero												
Judgments*	8	\$5,285,547	10	\$3,946,419	14	\$6,022,369	5	\$3,085,837	9	\$6,636,729	9	\$6,679,706
									1			
	1999		2000		2001		2002			2003		2004
Interval	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$

	1999		2000			2001		2002		2003	2004	
Interval	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Loss=\$0	13	\$0	30	\$0	28	\$0	18	\$0	19	\$0	18	\$0
\$0 <loss<=\$100k< td=""><td>6</td><td>\$197,576</td><td>0</td><td>\$0</td><td>3</td><td>\$210,000</td><td>3</td><td>\$175,073</td><td>0</td><td>\$0</td><td>1</td><td>\$75,000</td></loss<=\$100k<>	6	\$197,576	0	\$0	3	\$210,000	3	\$175,073	0	\$0	1	\$75,000
\$100K <loss<=\$250k< td=""><td>2</td><td>\$371,829</td><td>0</td><td>\$0</td><td>3</td><td>\$440,557</td><td>0</td><td>\$0</td><td>1</td><td>\$160,000</td><td>0</td><td>\$0</td></loss<=\$250k<>	2	\$371,829	0	\$0	3	\$440,557	0	\$0	1	\$160,000	0	\$0
\$250K <loss<=\$500k< td=""><td>0</td><td>\$0</td><td>3</td><td>\$1,157,054</td><td>0</td><td>\$0</td><td>2</td><td>\$680,150</td><td>3</td><td>\$1,195,000</td><td>2</td><td>\$811,994</td></loss<=\$500k<>	0	\$0	3	\$1,157,054	0	\$0	2	\$680,150	3	\$1,195,000	2	\$811,994
\$500K <loss<=\$1m< td=""><td>4</td><td>\$2,997,264</td><td>2</td><td>\$1,610,500</td><td>1</td><td>\$528,733</td><td>1</td><td>\$1,000,000</td><td>0</td><td>\$0</td><td>3</td><td>\$2,569,250</td></loss<=\$1m<>	4	\$2,997,264	2	\$1,610,500	1	\$528,733	1	\$1,000,000	0	\$0	3	\$2,569,250
\$1M <loss< td=""><td>3</td><td>\$3,527,451</td><td>2</td><td>\$2,381,508</td><td>2</td><td>\$3,612,000</td><td>1</td><td>\$6,238,000</td><td>0</td><td>\$0</td><td>0</td><td>\$0</td></loss<>	3	\$3,527,451	2	\$2,381,508	2	\$3,612,000	1	\$6,238,000	0	\$0	0	\$0
Total Judgments	28	\$7,094,120	37	\$5,149,062	37	\$4,791,290	25	\$8,093,223	23	\$1,355,000	24	\$3,465,244
Total Non-Zero												
Judgments *	15	\$7,094,120	7	\$5,149,062	9	\$4,791,290	7	\$8,093,223	4	\$1,355,000	6	\$3,465,244

^{*}The second Total excludes claims which resulted in no indemnity payment.

- Over the last 12 years, there have been a total of 17 judgments in excess of \$1,000,000; or an average of 1.4 per year. There were no paid judgments reported during 2003 or 2004 in excess of \$1,000,000.
- The *average* judgment in excess of \$1,000,000 has been a bit less than \$2,000,000.
- It should be noted that the number of judgments in each year is small and actual paid amounts vary significantly from year to year. Even capping large awards at \$1,000,000 leads to the following table:

West Virginia Board of Medicine

Non-zero judgments capped at \$1,000,000

	#	Amount	Average
1993	6	\$785,547	\$130,925
1994	10	\$4,196,636	\$419,664
1995	12	\$2,155,745	\$179,645
1996	4	\$2,085,837	\$521,459
1997	8	\$2,951,907	\$368,988
1998	6	\$2,409,154	\$401,526
1999	12	\$3,566,668	\$297,222
2000	5	\$2,767,541	\$553,508
2001	7	\$1,179,290	\$168,470
2002	6	\$1,855,224	\$309,204
2003	4	\$1,355,000	\$338,750
2004	6	\$3,465,244	\$577,541

This table shows that even after limiting large awards to \$1,000,000, there is
 no clear pattern of either an increasing number of judgments or a consistent
 increase in the average paid judgment. Rather, the small number of
 judgments limit credible inferences.

II-C. Settlements

In a manner similar to judgments, we now look at settlements.

West Virginia Board of Medicine Size of Paid Settlements

		1993		1994		1995		1996		1997		1998		
Interval	#	\$	# \$		# \$		#	\$	#	\$	#	\$	#	\$
Loss=\$0	5	\$0	5	\$0	3	\$0	3	\$0	3	\$0	3	\$0		
\$0 <loss<=\$50k< td=""><td>79</td><td>\$1,461,639</td><td>78</td><td>\$1,704,102</td><td>79</td><td>\$1,811,405</td><td>75</td><td>\$1,718,264</td><td>177</td><td>\$1,756,801</td><td>67</td><td>\$1,152,744</td></loss<=\$50k<>	79	\$1,461,639	78	\$1,704,102	79	\$1,811,405	75	\$1,718,264	177	\$1,756,801	67	\$1,152,744		
\$50K <loss<=\$100k< td=""><td>22</td><td>\$1,735,833</td><td>40</td><td>\$3,199,200</td><td>23</td><td>\$1,892,250</td><td>33</td><td>\$2,642,584</td><td>24</td><td>\$2,040,933</td><td>19</td><td>\$1,612,092</td></loss<=\$100k<>	22	\$1,735,833	40	\$3,199,200	23	\$1,892,250	33	\$2,642,584	24	\$2,040,933	19	\$1,612,092		
\$100K <loss<=\$250k< td=""><td>47</td><td>\$8,115,451</td><td>38</td><td>\$6,665,678</td><td>44</td><td>\$8,410,952</td><td>37</td><td>\$6,786,025</td><td>33</td><td>\$5,987,500</td><td>28</td><td>\$4,700,000</td></loss<=\$250k<>	47	\$8,115,451	38	\$6,665,678	44	\$8,410,952	37	\$6,786,025	33	\$5,987,500	28	\$4,700,000		
\$250K <loss<=\$500k< td=""><td>21</td><td>\$7,301,798</td><td>32</td><td>\$11,980,951</td><td>26</td><td>\$10,015,000</td><td>33</td><td>\$11,947,319</td><td>39</td><td>\$14,664,111</td><td>21</td><td>\$7,188,000</td></loss<=\$500k<>	21	\$7,301,798	32	\$11,980,951	26	\$10,015,000	33	\$11,947,319	39	\$14,664,111	21	\$7,188,000		
\$500K <loss<=\$1m< td=""><td>14</td><td>\$11,175,000</td><td>15</td><td>\$11,694,010</td><td>15</td><td>\$11,940,000</td><td>13</td><td>\$8,560,000</td><td>13</td><td>\$9,425,000</td><td>18</td><td>\$13,660,000</td></loss<=\$1m<>	14	\$11,175,000	15	\$11,694,010	15	\$11,940,000	13	\$8,560,000	13	\$9,425,000	18	\$13,660,000		
\$1M <loss< td=""><td>3</td><td>\$5,545,432</td><td>5</td><td>\$9,175,000</td><td>3</td><td>\$7,650,000</td><td>3</td><td>\$4,159,000</td><td>3</td><td>\$6,550,000</td><td>3</td><td>\$5,468,431</td></loss<>	3	\$5,545,432	5	\$9,175,000	3	\$7,650,000	3	\$4,159,000	3	\$6,550,000	3	\$5,468,431		
Total Settlements	186	\$35,335,153	208	\$44,418,941	190	\$41,719,607	194	\$35,813,192	289	\$40,424,345	156	\$33,781,267		
Total Non-Zero														
Settlements *	183	\$35,335,153	203	\$44,418,941	187	\$41,719,607	191	\$35,813,192	286	\$40,424,345	153	\$33,781,267		

	1999		2000		2001		2002		2003		2004	
Interval	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Loss=\$0	3	\$0	4	\$0	1	\$0	1	\$0	2	\$0	0	\$0
\$0 <loss<=\$50k< td=""><td>87</td><td>\$1,488,737</td><td>65</td><td>\$1,633,255</td><td>84</td><td>\$1,806,781</td><td>57</td><td>\$1,229,665</td><td>26</td><td>\$625,434</td><td>40</td><td>\$861,532</td></loss<=\$50k<>	87	\$1,488,737	65	\$1,633,255	84	\$1,806,781	57	\$1,229,665	26	\$625,434	40	\$861,532
\$50K <loss<=\$100k< td=""><td>28</td><td>\$2,278,500</td><td>36</td><td>\$2,892,600</td><td>37</td><td>\$2,934,401</td><td>15</td><td>\$1,214,000</td><td>15</td><td>\$1,252,000</td><td>17</td><td>\$1,437,500</td></loss<=\$100k<>	28	\$2,278,500	36	\$2,892,600	37	\$2,934,401	15	\$1,214,000	15	\$1,252,000	17	\$1,437,500
\$100K <loss<=\$250k< td=""><td>34</td><td>\$5,936,000</td><td>45</td><td>\$8,124,710</td><td>48</td><td>\$8,350,814</td><td>49</td><td>\$8,500,031</td><td>35</td><td>\$6,725,418</td><td>19</td><td>\$3,766,403</td></loss<=\$250k<>	34	\$5,936,000	45	\$8,124,710	48	\$8,350,814	49	\$8,500,031	35	\$6,725,418	19	\$3,766,403
\$250K <loss<=\$500k< td=""><td>42</td><td>\$13,884,542</td><td>34</td><td>\$12,753,796</td><td>29</td><td>\$10,671,417</td><td>26</td><td>\$10,065,000</td><td>29</td><td>\$11,363,125</td><td>24</td><td>\$9,529,000</td></loss<=\$500k<>	42	\$13,884,542	34	\$12,753,796	29	\$10,671,417	26	\$10,065,000	29	\$11,363,125	24	\$9,529,000
\$500K <loss<=\$1m< td=""><td>12</td><td>\$9,615,000</td><td>19</td><td>\$16,152,535</td><td>27</td><td>\$21,817,833</td><td>18</td><td>\$13,255,516</td><td>16</td><td>\$13,878,750</td><td>7</td><td>\$5,550,000</td></loss<=\$1m<>	12	\$9,615,000	19	\$16,152,535	27	\$21,817,833	18	\$13,255,516	16	\$13,878,750	7	\$5,550,000
\$1M <loss< td=""><td>3</td><td>\$10,995,605</td><td>4</td><td>\$5,675,000</td><td>1</td><td>\$1,250,000</td><td>0</td><td>\$0</td><td>6</td><td>\$14,438,368</td><td>5</td><td>\$9,500,000</td></loss<>	3	\$10,995,605	4	\$5,675,000	1	\$1,250,000	0	\$0	6	\$14,438,368	5	\$9,500,000
Total Settlements	206	\$44,198,384	203	\$47,231,896	226	\$46,831,246	165	\$34,264,212	129	\$48,283,095	112	\$30,644,435
Total Non-Zero												
Settlements *	203	\$44,198,384	199	\$47,231,896	225	\$46,831,246	164	\$34,264,212	127	\$48,283,095	112	\$30,644,435

^{*}The second Total excludes claims which resulted in no indemnity payment.

- Settlements comprise the most common resolution for claim payment. Over the last 12 years, 38 settlements have exceeded \$1,000,000, or a bit over 3 per year on average.
- The average settlement over \$1,000,000 has been just over \$1,500,000.
- As was done for judgments, we will cap claims at \$1,000,000 and look for trends:

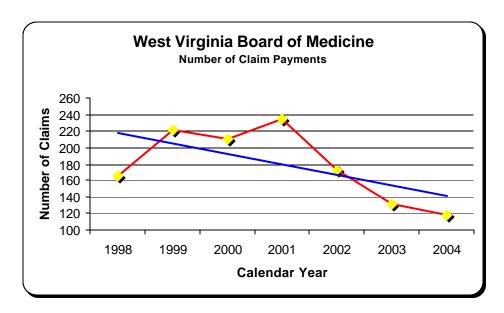
West Virginia Board of Medicine

Non-zero settlements capped at \$1,000,000

	#	Amount	Average
1993	180	\$29,789,721	<mark>\$165,498</mark>
1994	198	\$35,243,941	\$178,000
1995	184	\$34,069,607	\$185,161
1996	188	\$31,654,192	\$168,373
1997	283	\$33,874,345	\$119,697
1998	150	\$28,312,836	\$188,752
1999	200	\$33,202,779	<mark>\$166,014</mark>
2000	195	\$41,556,896	\$213,112
2001	224	\$45,581,246	\$203,488
2002	165	\$34,264,212	\$207,662
2003	129	\$48,363,095	\$374,908
2004	112	\$26,319,435	\$234,995

- From the above data, which limits claims to \$1,000,000, there is a clear escalation in the average settlement paid. For 1993 1999 the average paid settlement was \$163,519. For 2000 2004 the average paid settlement was \$207,881. The average limited paid settlement in 2004 dropped to \$234,995. Thus, it appears that the significant jump in settlements shown in 2003 did not carryover to 2004.
- As with judgments, the small number of settlements restricts the data's credibility. The actual number of settlements over the last four years suggests a steady decline in the number of paid settlements.

• Graphically, note the significant downward trend in the number of paid claims since 2001:



This is consistent with a recently released report from AON which noted the drop in claims countrywide.

II-D. Paid data collection

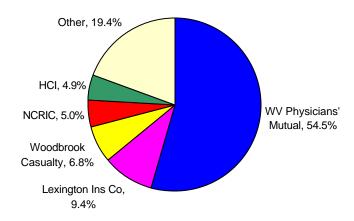
Enhanced paid medical malpractice information is now being collected from insurers. Such information as the physician's primary specialty, the 'cause of loss', amounts paid on defense costs for each filed claim and the split of the indemnity payment between economic and non-economic damages is now being collected. It is too early in the collection process to use the data at this time. However, looking forward, this information should prove invaluable should another malpractice crisis occur in the future.

Section III

Review of 5% Market Share Companies

Section III. Review of major West Virginia Medical Malpractice Writers

This section of the report reviews the medical malpractice rates and rules of those insurers with 5% or greater market share. Based on written premiums for 2004, the West Virginia medical malpractice market looks like:



Shown below are the five insurers meeting the 5% threshold in 2004:

Total Medical Malpractice	2004 West Virginia Business Written						
(NAIC Database)	Direct		Direct	Direct	Direct		
	Premiums	Market	Premiums	Loss	Loss		
Company	Written	Share	Eamed	Incurred	Ratio		
West Virginia Physicians' Mut Ins Co	77,989,833	54.5%	57,965,027	32,051,282	55.3%		
Lexington Ins Co*	13,378,898	9.4%	11,332,914	7,767,650	68.5%		
Woodbrook Cas Ins Inc	9,727,987	6.8%	11,374,076	312,819	2.8%		
NCRIC Inc	7,173,744	5.0%	8,550,907	4,258,000	49.8%		
Health Care Indemnity Inc	7,058,909	4.9%	7,058,909	3,112,286	44.1%		
Subtotal	115,329,371	80.6%	96,281,833	47,502,037	49.3%		
Other Companies	27,646,173	19.4%	27,190,151	-2,100,986	-7.7%		
Total	142,975,544	100.0%	123,471,984	45,401,051	36.8%		

Direct Loss Ratio does not include loss adjustment expenses, nor other operating expenses.

The five companies comprise 80.6% of the 2004 West Virginia Medical Malpractice written premium. One of the five writers (Lexington Insurance Co) is an excess & surplus lines writer. Lexington has increased its West Virginia writings, making it the second largest writer in the State. Formerly known as Medical Assurance of WV, Woodbrook Casualty Ins Inc, has re-domiciled, renamed, and reduced its writings further. Below is a breakdown, by subline, for each of the key West Virginia malpractice writers:

Company WV Physicians' Mut Ins	Subline Physicians & Surgeons Hospitals Other Total	2004 Written Premium \$ 77,989,833 \$ 0 \$ 0 \$ 77,989,833
Lexington Ins Co	Physicians & Surgeons Hospitals Other Total	\$ 44,737 \$ 12,690,771 \$ 643,390 \$ 13,378,898
Woodbrook Cas Ins Inc	Physicians & Surgeons Hospitals Other Total	\$ 9,612,952 \$ 55,536 \$ 59,499 \$ 9,727,987
NCRIC Inc	Physicians & Surgeons Other Total	\$ 7,173,744 \$ 0 \$ 7,173,744
Health Care Indemnity Co	Hospitals Physicians & Surgeons Total	\$ 6,834,449 \$ 224,460 \$ 7,058,909

III-A. Enabling Legislation

The reporting of experience for insurance carriers with 5% or more of the West Virginia Medical Malpractice direct written premium is *required* by:

West Virginia Regulation 114CSR22 West Virginia Regulation 114CSR23 West Virginia Code 33-20B-6

The regulations and referenced statutes set forth the form in which certain information needs to be reported to the Commissioner.

Per West Virginia Regulation 114CSR23-6, the Commissioner is required to "...evaluate the information reported pursuant to Section 5 of the rule in order to determine whether the filing insurers have fairly and accurately determined the loss experience and loss expense data in the filing."

Per West Virginia Code 33-20B-6(a), the Commissioner is required to "...review annually the rules, rates and rating plans filed and in effect for each insurer providing five percent or more of the malpractice insurance coverage in this state in the proceeding calendar year to determine whether such filings continue to meet the requirements of this article and whether such filings are unfair or inappropriate given the loss experience in this state in the preceding year."

This section of the report is provided to assist the Commissioner in fulfilling obligations under the above regulations and code section and enhance our knowledgebase.

III-B. Discussion of Market Positions

Woodbrook Casualty Insurance Inc

Woodbrook Casualty (formerly Medical Assurance of West Virginia) was the leading commercial writer of malpractice insurance for physicians and surgeons in West Virginia until 2004. Their exposure, however, has declined since its peak in 1998. Inforce *policies* have dropped from 856 in 1998 to 133 policies as of 12/31/04. For 2004, the company wrote \$9,727,987 in direct written premium.

A **rate reduction of -1.1%** was approved for Woodbrook effective 10/20/05. Combined with base rate increases of 35.0% in 2000, 18.0% in 2001, 16.0% in 2002, 13.0% in 2003, 14.5% in 2004, and -1.1% in 2005, Woodbrook rates have risen 136% since July, 2000. *Improved experience as a result of these rate revisions and downward adjustments to their loss reserves have stabilized their rate requests and prompted the -1.1% rate filing in 2005.*

Health Care Indemnity Inc. (HCI)

HCI, a licensed writer since the start of 2003, wrote \$7,058,909 in premium during 2004. HCI primarily provides hospital coverage and their premium market share in 2004 declined from 10.5% in 2003 to 4.9% in 2004. HCI has filed for a -11.6% rate decrease to be effective in January, 2006.

NCRIC Inc

NCRIC wrote \$7,935,426 in Physicians and Surgeons written premium during 2004. This equates to a 5.6% market share. NCRIC received a 9.8% rate increase in January, 2004 and an additional 9.5% in September, 2004. NCRIC has been purchased by Woodbrook Casualty.

Lexington Insurance Co

Lexington is a surplus lines writer (an AIG subsidiary) writing primarily hospitals and other healthcare facilities. They wrote \$13,379,898 in premium during 2004, representing a 9.4% market share. This is a substantial jump over their 2003 written premium of \$7,935,426. As a surplus lines writer Lexington did not provide 5% market share information.

West Virginia Physicians' Mutual Ins Co

Since its inception, July 1, 2004, WVPMIC has dominated the Physicians & Surgeons market in West Virginia. All policies previously provided by BRIM II novated to WVPMIC. As a result, the Physicians' Mutual 2004 written premium is overstated and hence, so is their exhibited market share of 54.5%. The Mutual has added new business and worked with the Insurance Commission to accommodate difficult situations while maintaining their underwriting standards. WVPMIC has received approval for a **-5.0% rate reduction** to be effective in January, 2006.

The company's results in its first year of operation were very good. Their calendar year loss ratio was 55.3% and their combined ratio was 72%. They anticipate writing \$55 million in premium during 2005 and adding to their surplus. One important measure of a company's financial strength is its net premium to surplus ratio. For the industry, this ratio is roughly .7 to 1. The Physicians' Mutual is presently at about 1.4 to 1. The Insurance Commission has encouraged the Mutual to move this ratio closer to 1 to 1. The company's surplus is important for potential growth and to withstand unanticipated fluctuations in losses.

III-C. Rating Plans and Rating Rules

Physicians and Surgeons

Coverage is provided by each of the insurers on a claims-made (or less frequently, occurrence) basis. Coverage of all plans is relatively standard. Differences may occur in:

- Number of classes
- Assignment of specialties to class
- Definition of specialties
- Class relativities
- Maturity and tail factors
- Discounts offered

None of these differences produce an unfair advantage or inappropriate rating plan. Physicians and Surgeons rating plans are consistent with other industry plans and reasonable.

Hospitals

Each insurer provides coverage on a claims-made (or less frequently, occurrence) basis. Variations in the rating plans may occur in the:

- Exposure base
- Experience rating plan
- Schedule rating plan
- Surcharge programs
- Deductible credits
- Increased limits factors

Flexibility in pricing through the use of guide (a) rating (aka 'refer to company') allows underwriters the ability to customize the price and coverage to the risk. Such a feature is common when rating large, unique risks such as hospitals.

III-D. Comparison of Filed Information to Rate Filings Information As Required by West Virginia Code 33-20B-3

1. Reconcile the most recent filed information to the experience reported in the rate filings.

Exhibit I - Sheets 1 - 3 provide the premium and losses of each carrier.

For Woodbrook Casualty (Sheet 1), the information is consistent and raises no concerns.

Health Care Indemnity (Sheet 2), shows data consistency.

For NCRIC (Sheet 3), their filed information is consistent. Rate filing information is not available in the traditional manner expected because of the recent merger with Woodbrook.

Physicians' Mutual rate filings have been submitted using predominately industry wide data due to the immaturity of their specific experience.

As a surplus lines writer, Lexington Insurance Co did not supply 5% market share information.

2. Reconcile the experience in the filed information to the most recent experience reported in the company's financial statements.

Exhibit VI shows the comparison of Annual Statement information with the filed information. The results display a reasonable reconciliation.

3. Compare the assumptions underlying the filed information to the most recent rate filing assumptions or other information.

Exhibits II-V provide the assumptions underlying the rate analysis in the filed information, rate filings, rate filing abstracts, or other source documents.

4. Is the filed information filled out correctly and accurately?

It is clear, that to varying degrees, the companies have attempted to provide accurate filed information.

5. Does the filed information support our conclusion on the rates as of 12/31/04?

Exhibit VII provides a rate comparison for a number of specialties and companies. Rates have stabilized in West Virginia. Woodbrook Casualty received a -1.1% overall reduction effective in October, 2005. The West Virginia Physicians' Mutual received approval of a -5.0% rate reduction to be effective in January, 2006. Health Care Indemnity has a reduction of -11.9% pending approval. The lowest filed rates are provided by the West Virginia Physicians' Mutual.

III-E: Analysis of Rate Filings

Woodbrook Casualty Ins Co Inc

In June, 2005 Woodbrook Casualty filed for a rate decrease of -1.1% with a proposed effective date of October, 2005. The Commissioner, after due consideration and review, subsequently approved the filing.

NCRIC Inc

The company initially requested a rate increase during 2005. However, due to the company's acquisition by Woodbrook Casualty, the rate revision was withdrawn.

Health Care Indemnity

The company requested a rate decrease of -11.9% for its hospital program. This increase is pending approval by the Commissioner to be effective January, 2006.

West Virginia Physicians' Mutual Ins Co

The company received approval for a -5.0% average rate reduction to be effective January, 2006.

III-F: Investment Portfolio

Exhibit III (pg. 46) presents a comparison of actual investment yields and investment income provisions for rate filings as available from various sources. Investment yields had generally declined and now they are showing a movement upward in 2004.

Section IV

Summary Observations

Section IV. Summary Observations

- West Virginia experienced outstanding results for medical malpractice in 2004. A very profitable combined ratio of 71.4% out paced the industry malpractice combined ratio of 108.6%.
- The newly formed **West Virginia Physicians' Mutual** Insurance Company **enjoyed a very good first year**, posting a loss ratio of 55.3% and a combined ratio of roughly 72% for 2004.
- Medical Malpractice rates have stabilized in West Virginia. West Virginia Physicians' Mutual, Woodbrook Casualty and Health Care Indemnity all filed for rate reductions in 2005.
- As pointed out in previous reports, one of the key elements in the adverse results for West Virginia had been very high defense costs. Loss adjustment expenses in West Virginia have fallen from 68.4% in 1999 to 20.3% in 2004.
 West Virginia loss adjustment is now below the industry average of 29.5%.
- Five malpractice writers in West Virginia (including NCRIC) accounted for 80% of the written premium for medical malpractice. The key excess & surplus writer was Lexington Insurance Company (an AIG surplus lines writer).
- An analysis of West Virginia Board of Medicine data revealed the following:
 - Since 2001, the number of paid claims has dropped by more than 40%.
 - Roughly 30% of claims filed are dismissed.
 - Over the last three years (2001 2004), the percentage of claims dismissed averaged 40%; in previous years dismissal rates of 30% or

less were normal. This suggests that the 'certificate of merit' required by H. B. 601 is having a positive impact on claims going to court or settled.

- Only 10% of claims filed actually go to court.
- Less than 3% of the claims go to court and receive a non-zero judgment.
- 61% of Malpractice claims are settled outside of court.
- There does not appear to be a pattern of escalating jury awards; however, the small number of jury awards yields little credible data for drawing conclusions.

Glossary of Terms

BRIM: Board of Risk and Insurance Management

BRIM I: Term to identify the medical malpractice program for teaching schools and their physicians. This program is administered by National Union Fire of Pittsburgh (an AIG subsidiary) under a fronting arrangement. AIG assumes no real risk under this arrangement; they simply issue the policies on AIG paper and are fully reimbursed by BRIM for loss and other expenses. They receive a percentage of premium for providing this service. BRIM I policies are written on an occurrence basis.

BRIM II: Term to identify the medical malpractice program for private physicians and hospitals. This program was administered by Marsh. BRIM II was written on a claims-made basis. BRIM II business was novated to the West Virginia Physician's Mutual Insurance Company (WVPMIC) on July 1, 2004.

<u>Written Premium:</u> The total premium from all policies with effective dates within a given time period.

<u>Earned Premium:</u> The pro rata portion of written premium which represents the expired portion of the insurance contract. For example, an annual policy of \$100 written on July 1, 2001, assuming a calendar year accounting period, will be shown on the company's books as being partially earned in 2001 and 2002. Fifty dollars will be earned in 2001 and fifty dollars in 2002.

<u>Incurred Loss:</u> A monetary payment and/or reserve on the part of the insurance company to cover claims of the insureds which are covered by the terms of the insurance contract.

Loss Adjustment Expense: Cost on the part of the insurance company to cover expenses incurred in settling claims. This expense can be divided into two types: Allocated (ALAE), those expenses such as outside attorney and court fees which can be directly tied to a specific claim, and Unallocated (ULAE), such as insurance company claim department expenses, which are not directly allocated to a particular claim.

<u>Underwriting Expense:</u> The expenses incurred by the insurance company in acquiring and selecting risks. Underwriting expense includes agents' commissions, general administration expenses, inspection & bureau expenses, and taxes, licenses and fees. It does not include loss adjustment expenses.

<u>Underwriting Profit/(Loss):</u> The remainder when loss, loss adjustment expense and underwriting expense are subtracted from earned premium income.

Operating Profit/(Loss): Bottom-line profit or loss of an insurance company. It is calculated by adding investment income to underwriting profit/(loss).

Severity: Average loss per claim.

<u>Premium-to-Surplus Ratio:</u> The ratio of written premium to surplus. This ratio is commonly used in the property/casualty insurance industry as a measure of financial strength or to indicate the degree to which a company is leveraged. In Medical Malpractice insurance, this ratio is often less than one-to-one.

Guide (a) rating (also known as 'refer to company' and 'judgment rating'): (a)-rating is typically used for large and/or unique commercial risks. It is generally provided for in the rules section of a company's underwriting manual. When a risk, such as a hospital, qualifies for (a)-rating, the actual price for the risk can be determined by an experienced underwriter. In this situation, actual filed rates are superceded by the underwriter's judgment.

Claims-made Coverage: A policy providing coverage only if a written claim is made during the policy period (or any applicable extended reporting period). For example, a claim made in the current year could be charged against the current policy even if the injury or loss giving cause for the claim occurred many years in the past. If the policy has a retroactive date, an occurrence prior to that date is not covered. From a pricing perspective, claims-made coverage is more straightforward since it limits the insurers' exposure to unknown future liabilities (called "incurred but not reported" claims). Contrast this coverage with "occurrence". Claims-made coverage became a more accepted approach towards writing long-tailed lines like medical malpractice and products liability during the mid-'80's after introduction by the Insurance Services Organization.

Occurrence Coverage: A policy that pays claims arising out of incidents that occur during the policy term, even if the claims are filed many years later.

<u>Investment Gain/(Loss):</u> The investment gain relates a company's total *return* on all invested funds (premiums, reserves, and equity) to the calendar year earned premium. Thus this figure will usually be quite substantial for a long-tailed line like medical malpractice which requires considerable funds in reserves and surplus.

<u>Combined Ratio:</u> Percentage of each premium dollar a property/casualty insurer spends on claims and expenses. A decrease in the combined ratio means financial results are improving; an increase means they are deteriorating. When the ratio is over 100%, the insurer has an *underwriting* loss.

<u>Pure Premium:</u> The portion of the total premium needed to pay expected losses. The pure premium does not take into account the portion of premium necessary for company expenses (e.g., commissions, taxes, etc.)

<u>Direct Loss Ratio:</u> The ratio of incurred losses to earned premium. The direct loss ratio is in contrast to the 'net loss ratio' which compares losses after reinsurance recoveries to earned premiums after paying for reinsurance.

Exhibits

West Virginia Insurance Commission 5% Market Share Report

Exhibit I -- Sheet 1

Loss and Premium Information/Reconciliation

Woodbrook Casualty Ins Inc

		2005 Ra	ate Filing			2004 Ra	ate Filing	
Physicians & Surgeons		Current	Trended,			Current	Trended,	
		Level	Developed	Loss &		Level	Developed	Loss &
	Report	Earned	Incurred	ALAE	Report	Earned	Incurred	ALAE
	Year	Premium	Loss & ALAE	Ratio	Year	Premium	Loss & ALAE	Ratio
	1999	1 TOTHIGHT	LOSS & ALAL	rano	1999	41,606,000	45,028,000	108%
	2000	52,541,000	26,767,000	51%	2000	45,943,000	29,510,000	64%
	2001	34,958,000	16,871,000	48%	2001	30,575,000	19,228,000	63%
	2002	26,752,000	10,628,000	40%	2002	23,391,000	17,820,000	76%
	2003	17,771,000	11,662,000	66%	2002	15,536,000	13,907,000	90%
	2004	9,236,000	4,985,000	54%	2003	10,000,000	13,307,000	3070
Physicians & Surgeons	Calendar	2005 Filed Earned	Information Incurred	Loss	Calendar	2004 Filed Earned	Information Incurred	Loss
спузічана и энценна	Year	Premium	Losses	Ratio	Year	Premium	Losses	Ratio
	1999	17,909,000	10,291,000	Nalio	1999	17,909,000	10,291,000	57%
				740/				
	2000	20,624,000	15,345,000	74%	2000	20,614,000	15,345,000	74%
	2001	20,427,000	15,273,000	75%	2001	20,427,000	15,273,000	75%
	2002 2003	24,392,000 19,306,000	28,044,000 8,996,000	115% 47%	2002 2003	24,392,000 19,306,000	28,044,000 8,996,000	115% 47%
	2004	11,320,000	2,832,000	25%	2004	10,000,000	0,000,000	11 70
	2004	11,320,000	2,032,000	2576	2004			
		Current	Trended,			Current	Trended,	
		Level	Developed	Loss &		Level	Developed	Loss &
	Report	Earned	Incurred	ALAE	Report	Earned	Incurred	ALAE
	Year	Premium	Loss & ALAE	Ratio	Year	Premium	Loss & ALAE	Ratio
	1999	47,586,000	45,949,000	97%	1999	41,606,000	45,028,000	108%
	2000	52,541,000	26,767,000	51%	2000	45,943,000	29,510,000	64%
	2001	34,958,000	16,871,000	48%	2001	30,575,000	19,228,000	63%
	2002	26,752,000	10,628,000	40%	2002	23,391,000	17,820,000	76%
	2003	17,771,000	11,662,000	66%	2003	15,536,000	13,907,000	90%
	2004	9,235,000	4,985,000	54%	2004	10,000,000	.0,001,000	0070
l	2004	3,233,000	4,500,000	3470	2004			
		2005 Filed	<u>Information</u>			2004 Filed	<u>Information</u>	
Hospitals	Calendar	Earned	Incurred	Loss	Calendar	Earned	Incurred	Loss
1	Year	Premium	Losses	Ratio	Year	Premium	Losses	Ratio
	1999	2,045,000	1,175,000	57%	1999	2,045,000	1,175,000	57%
	2000	2,459,000	1,876,000	76%	2000	2,469,000	1,876,000	76%
	2001	3,163,000	1,776,000	56%	2001	3,163,000	1,776,000	56%
	2002	1,185,000	-2,048,000	-173%	2002	1,185,000	-2,048,000	-173%
	2003	92,000	-378,000	-411%	2003	92,000	-378,000	-411%
	2004	77,000	-291,000	-378%	2004			
		Current	Trended,			Current	Trended,	
		Level	Developed	Loss &		Level	Developed	Loss &
	Report	Earned	Incurred	ALAE	Report	Earned	Incurred	ALAE
ĺ	Year	Premium	Loss & ALAE	Ratio	Year	Premium	Loss & ALAE	Ratio
	1999	2,045,000	7,062,000	345%	1999	2,045,000	5,576,000	273%
	2000	2,459,000	5,620,000	229%	2000	2,469,000	4,504,000	182%
	2001	3,163,000	7,029,000	222%	2001	3,163,000	5,349,000	169%
	2002	1,185,000	2,436,000	206%	2002	1,185,000	2,366,000	200%
	2003	92,000	3,306,000	3593%	2003	92,000	3,108,000	3378%
	2004	77,000	173,000	225%	2004			

5% Market Share Report

Exhibit I -- Sheet 2

Loss and Premium Information/Reconciliation

Health Care Indemnity, Inc.

2005 Rate Filing

2004 Rate Filing

Hospitals

C	Calendar	Earned	Incurred	Loss	Calendar	Earned	Incurred	Loss
	Year	Premium	Loss & ALAE	Ratio	Year	Premium	Loss & ALAE	Ratio
	1999	2,783,000	2,816,000	101%	1999	2,779,000	2,992,000	108%
	2000	2,703,000	3,525,000	130%	2000	2,708,000	3,537,000	131%
	2001	3,961,000	4,925,000	124%	2001	3,961,000	5,192,000	131%
	2002	5,474,000	12,472,000	228%	2002	5,315,000	13,094,000	246%
	2003	7,788,000	6,434,000	83%	2003	8,033,000	6,928,000	86%
	2004	6,829,000	6,140,000	90%	2004			

2005 Filed Information (Net basis)

2004 Filed Information (Net basis)

Hospitals

Calendar	Earned	Incurred	Loss	Calendar	Earned	Incurred	Loss
Year	Premium	Loss & ALAE	Ratio	Year	Premium	Losses	Ratio
1999	2,783,000	2,816,000	101%	1999	2,782,000	2,927,000	105%
2000	2,703,000	3,525,000	130%	2000	2,703,000	3,675,000	136%
2001	3,961,000	4,925,000	124%	2001	3,961,000	5,324,000	134%
2002	5,474,000	12,472,000	228%	2002	5,475,000	13,664,000	250%
2003	7,788,000	6,434,000	83%	2003	7,790,000	6,928,000	89%
2004	6,829,000	6,140,000	90%	2004			

	Current	Trended,			Current	Trended,	
	Level	Developed	Loss &		Level	Developed	Loss &
Accident	Earned	Incurred	ALAE	Accident	Earned	Incurred	ALAE
Year	Premium	Loss & ALAE	Ratio	Year	Premium	Loss & ALAE	Ratio
1999				1999			
2000		N/A		2000		N/A	
2001				2001			
2002				2002			
2003				2003			
2004				2004			

5% Market Share Report

Exhibit I -- Sheet 3

Loss and Premium Information/Reconciliation

NCRIC Inc

		2005 Ra	te Filing			2004 Ra	te Filing	
Physicians & Surgeons		Current	Trended,			Current	Trended,	
		Level	Developed	Loss &		Level	Developed	Loss &
	Report	Earned	Incurred	ALAE	Report	Earned	Incurred	ALAE
	Year	Premium	Loss & ALAE	Ratio	 Year	Premium	Loss & ALAE	Ratio
	1999				1999			
	2000				2000			
	2001		N/A		2001		N/A	
	2002				2002			
	2003				2003			
	2004				2004			
	-		•		,			
		2005 Filed	Information			2004 Filed	<u>Information</u>	
Physicians & Surgeons	Calendar	Earned	Incurred	Loss	Calendar	Earned	Incurred	Loss
	Year	Premium	Losses	Ratio	Year	Premium	Losses	Ratio
	1999				1999			
	2000	6,000	0	0%	2000	6,000	0	0%
	2001	1,071,000	919,000	86%	2001	1,071,000	919,000	86%
	2002	6,270,000	3,715,000	59%	2002	6,270,000	3,715,000	59%
	2003	6,424,000	5,188,000	81%	2003	6,424,000	5,188,000	81%
	2004	8,550,907	4,258,000	50%	2004			
							•	
		Current	Trended,			Current	Trended,	
		Level	Developed	Loss &		Level	Developed	Loss &
	Report	Earned	Incurred	ALAE	Report	Earned	Incurred	ALAE
	Year	Premium	Loss & ALAE	Ratio	Year	Premium	Loss & ALAE	Ratio
	1999				1999			
	2000				2000			
	2001		N/A		2001		N/A	
	2002				2002			
	2003				2003			
	2004				2004			

5% Market Share Report

Exhibit II

Filing

Filing

Filing

Comparison of Budgeted Expenses

Woodbrook Casualty Ins Inc

Physicians & Surgeons

	Rate Filing	Rate Filing	Forms
Commission & Brokerage	4.9%	4.0%	4.9%
New Acquisition	4.1%	4.0%	4.1%
General	5.8%	6.6%	5.8%
Taxes, Licenses, & Fees	4.2%	4.0%	4.2%
Other	0.0%	0.0%	0.0%
Profit & Contingency	7.0%	8.1%	7.0%
TOTAL	26.0%	26.7%	26.0%

2005

2004

2004

2004

WV Physicians' Mutual Ins Co

Physicians & Surgeons

			•
	Rate Filing	Rate Filing	Forms
Commission & Brokerage	5.0%	5.0%	5.0%
New Acquisition	0.0%	0.0%	0.0%
General	8.2%	8.2%	6.2%
Taxes, Licenses, & Fees	5.0%	5.0%	5.0%
Other (Fixed expense)	5.5%	0.0%	0.0%
Profit & Contingency	6.1%	6.1%	6.1%
TOTAL	29.8%	24.3%	22.3%

2005

NCRIC

Physicians & Surgeons

	Rate Filing	Rate Filing	Forms
Commission & Brokerage		9.0%	9.0%
New Acquisition		0.0%	0.0%
General	N/A	8.2%	8.2%
Taxes, Licenses, & Fees		4.0%	4.0%
Other		0.0%	0.0%
Profit & Contingency		8.1%	8.1%
TOTAL		20 4%	20.4%

2005

Health Care Indemnity

Hospitals

	2005	2004	Filing
	Rate Filing	Rate Filing	Forms
Commission & Brokerage	1.0%	0.0%	1.0%
New Acquisition	0.0%	0.0%	0.0%
General	2.0%	3.0%	2.0%
Taxes, Licenses, & Fees	2.0%	2.0%	2.0%
Other	0.0%	0.0%	0.0%
Profit & Contingency	0.0%	0.0%	0.0%
TOTAL	5.0%	5.0%	5.0%

5% Market Share Report

Exhibit III

Comparison of Investment Income Provisions

Calendar	Investment
Year	Yield*

Woodbrook Casualty Ins Inc

2000	9.0%
2001	5.8%
2002	5.7%
2003	6.3%
2004	13.3%

Rate of Return Underlying 2004 Filing: 3.5% 2005 Filing: 3.9%

West Virginia Physicians' Mutual Ins Co

2000	
2001	
2002	
2003	
2004	N/A

Rate of Return Underlying 2004 Filing: 3.5% 2005 Filing: 3.5%

Health Care Indemnity, Inc.

7 II K	inderning, inc.					
	2000		3.7%			
	2001		3.3%			
	2002		2.8%			
	2003		3.1%			
	2004		23.3%			

Rate of Return Underlying 2005 Filing: N/A

NCRIC

2000	6.2%
2001	5.9%
2002	5.1%
2003	3.9%
2004	7.0%

Rate of Return Underlying 2004 Filing: 3.5%

*Best's Insurance Reports

5% Market Share Report

Exhibit IV

Comparison of Pure Premium Trends

WV Physicians' Mutual Ins Co

	2005	2004	Form
	<u>Filing</u>	<u>Filing</u>	<u>Filing</u>
Physicians & Surgeons	4.0%	4.0%	4.0%
<u>Hospitals</u>		N/A	
	Woodbrook Casualty	Ins Inc	
Physicians & Surgeons	6.5%	7.8%	6.5%
<u>Hospitals</u>	N/A	N/A	5.5%
	Health Care Indemni	ty, Inc.	
<u>Hospitals</u>	4.0%	N/A	4.0%
	NCRIC Inc		
Physicians & Surgeons	N/A	7.8%	N/A

5% Market Share Report

Exhibit V

Comparison of Accident Year Loss Development Factors

Physicians & Surgeons

WV Physicians' Mutual Ins Co

	Incurred	
Maturity (mos)	LDFs	
15-ultimate	0.965	From 2005 Filed Information
27-ultimate	0.804	
39-ultimate	0.804	
51-ultimate	0.874	
63-ultimate	0.920	
75-ultimate	0.969	

Woodbrook Casualty Ins Inc

	Incurred	
Maturity (mos)	LDFs	
15-ultimate	0.952	
27-ultimate	0.793	From 2005 Filed Information
39-ultimate	0.813	
51-ultimate	0.889	
63-ultimate	0.912	
75-ultimate	0.960	

Health Care Indemnity, Inc.

N/A

NCRIC Inc

N/A

West Virginia Insurance Commission 5% Market Share Report Premium Reconciliation

Company	Schedule TWP	Filing Forms
WV Physicians' Mutual	77,989,833	77,989,833
Woodbrook Casualty	9,727,987	9,668,488
Health Care Indemnity, Inc.	7,058,909	7,059,000
NCRIC Inc.	7,173,744	7,173,744
Lexington Ins Co	13,378,898	N/A
All Other	27,646,173	XXXXXX
Total	142,975,544	

<u>Subline</u>	Woodbrook Casualty	<u>WV</u> <u>Physicians'</u> <u>Mutual</u>
Physicians & Surgeons	9,612,952	77,989,833
Hospitals	55,536	0
Other Malpractice	59,499	0
	<u>NCRIC</u>	<u>Lexington</u>
Physicians & Surgeons	7,173,744	44,737
Hospitals	0	12,690,771
Other Malpractice	0	643,390
	Health Care Indemnity, Inc.	<u>Total</u>
Physicians & Surgeons	224,460	104,451,130
Hospitals	6,834,449	28,999,181
Other Malpractice	0	9 525 233

5% Market Share Report

Exhibit VII

Sample Comparison of Physicians' Medical Malpractice Rates

Claims Made Policies -- Mature Rate -- \$1M/\$3M

			Woodbrook		
Class		WVPMIC	Casualty	NCRIC	ISO*
Code	Description	1/06	10/05	9/04	3/05
80254	Allergy	\$12,673	\$13,307	\$16,254	\$11,377
80266	Pathology	\$18,143	\$19,621	\$30,091	\$14,225
80282	Dermatology - Minor Surgery	\$34,550	\$38,564	\$30,091	\$23,707
80244	Gynecology - No Surgery	\$23,612	\$25,936	\$37,010	\$14,225
00244	Gyriecology - No Surgery	\$23,012	\$25,936	\$37,010	\$14,225
80267	Pediatrics - No Surgery	\$23,612	\$25,936	\$30,091	\$18,878
80284	Internal Medicine - Minor Surgery	\$34,550	\$38,564	\$43,929	\$28,443
80102	Emergency Medical (Hosp/Clinic)	\$45,488	\$51,193	\$64,686	\$47,408
80145	Surgery - Urological	\$41,112	\$46,141	\$50,848	\$48,364
00143	Surgery - Orological	Ψ+1,112	Ψ+0,1+1	Ψ50,040	ψ 4 0,304
80286	Oncology - Minor Surgery	\$34,550	\$38,564	\$43,929	\$23,707
80420	Family Practitioner - No Surgery	\$23,612	\$25,936	\$30,091	\$18,965
80154	Surgery - Orthopedics (spines)	\$100,178	\$114,335	\$99,280	\$67,708
80143	Surgery - General	\$79,302	\$89,078	\$85,443	\$77,381
33113	230.7 202.	ψ. 0,002	\$50,070	Ψου, τιο	ψ. 7,001
80153	Surgery - OB/Gyn	\$111,116	\$126,964	\$140,794	\$96,728
80152	Surgery - Neurology	\$154,868	\$177,478	\$168,469	\$125,745

The above rates are current as of 10/05. Note that these rates are generally a starting point for rating the physician. Rates are further adjusted by rating plans that may credit/debit an individual physician.

^{*}ISO publishes loss costs and increased limits factors. ISO believes it represents roughly 30% of the Medical Malpractice premium in the state of West Virginia. An expense loading of 25% (roughly comparable to the industry's expense loading) was used to convert the loss costs to rates.

Appendix

Physicians

2004 West Virginia Business Written

	(NAIC Database)	Direct		Direct	Direct	Direct
_	(NAIO Database)	Premiums	Market	Premiums	Loss	Loss
Rank	Company	Written	Share	Earned	Incurred	Ratio
1	West Virginia Physicians' Mut Ins Co	\$77,989,833	74.7%	\$57,965,027	\$32,051,282	55.3%
2	Woodbrook Cas Ins Inc	\$9,612,952	9.2%	\$11,215,027	\$690,386	6.2%
3	NCRIC Inc	\$7,173,744	6.9%	\$8,550,907	\$4,258,000	49.8%
4	National Fire Ins Co of Hartford	\$3,630,427	3.5%	\$2,780,799	\$788,198	28.3%
5	APSpecialty Ins Corp*	\$2,111,611	2.0%	\$2,111,973	-\$30,625	-1.5%
6	Doctors Co An Interins Exchng	\$1,176,777	1.1%	\$1,271,449	\$458,304	36.0%
7	National Union Fire Ins Co Of Pitts	\$524,729	0.5%	\$469,124	\$5,768,177	1229.6%
8	Preferred Physicians Medical RRG**	\$462,448	0.4%	\$462,392	\$13,982	3.0%
9	National Guardian RRG Inc**	\$363,362	0.3%	\$363,362	\$0	0.0%
10	General Star Ind Co*	\$284,634	0.3%	\$189,116	\$69,000	36.5%
11	Professional Undrwtrs Liab Ins Co*	\$284,051	0.3%	\$255,230	\$49,933	19.6%
12	Medical Protective Co	\$281,258	0.3%	\$219,142	\$839,500	383.1%
13	Podiatry Ins Co of America**	\$247,755	0.2%	\$241,659	-\$756,666	-313.1%
14	Health Care Indemnity Inc	\$224,460	0.2%	\$224,460	\$179,569	80.0%
15	Green Hills Ins Co RRG**	\$160,647	0.2%	\$107,098	\$32,810	30.6%
16	Evanston Ins Co*	\$104,935	0.1%	\$6,612	\$37,900	573.2%
17	Professionals Advocate Ins Co	\$102,748	0.1%	\$123,662	-\$995	-0.8%
18	Capitol Specialty Ins Corp*	\$81,000	0.1%	\$79,688	\$27,727	34.8%
19	Lexington Ins Co*	\$44,737	0.0%	\$44,737	\$41,004	91.7%
20	American Healthcare Indemnity Co	\$34,142	0.0%	\$34,142	\$11,333	33.2%
21	Columbia Cas Co*	\$31,153	0.0%	\$27,842	\$667	2.4%
22	National Fire & Marine Ins Co*	\$15,000	0.0%	\$15,000	\$12,000	80.0%
23	Darwin Natl Assur Cp	\$11,847	0.0%	\$2,108	\$905	42.9%
24	American Cas Co Of Reading PA	\$8,365	0.0%	\$6,847	-\$69,804	-1019.5%
25	Essex Ins Co*	\$2,500	0.0%	\$1,048	\$698	66.6%
26	Steadfast Ins Co*	\$215	0.0%	\$173	\$911,280	526751.4%
27	Travelers Property Cas Co of Amer	\$13	0.0%	\$8	\$814	10175.0%
	Remaining Insurers				-	
	Tremaining modrers	-\$511,485	-0.5%	-\$511,509	\$11,628,518	2273.4%
-	Actively Writing					
	Licensed Companies (12)	\$100,257,082	96.0%	\$82,349,964	\$32,434,359	39.4%
	*Surplus Lines Writers (10)	\$2,959,836	2.8%	\$2,731,419	\$1,119,584	41.0%
	**Risk Retention Groups (4)	\$1,234,212	1.2%	\$1,174,511	-\$709,874	-60.4%
	Grand Total (26)	\$104,451,130	100.0%	\$86,255,894	\$32,844,069	38.1%

Physicians, including surgeons and osteopaths

Hospitals 2004 West Virginia Business Written

Direct Direct Direct

	(NAIC Database)	Direct		Direct	Direct	Direct
	(IVAIO Database)	Premiums	Market	Premiums	Loss	Loss
Rank	Company	Written	Share	Earned	Incurred	Ratio
1	Lexington Ins Co*	\$12,690,771	43.8%	\$10,772,300	\$6,787,364	63.0%
2	Health Care Ind Inc	\$6,834,449	23.6%	\$6,834,449	\$2,932,717	42.9%
3	Capitol Specialty Ins Corp*	\$3,324,000	11.5%	\$2,769,750	\$1,192,486	43.1%
4	First Specialty Ins Corp*	\$3,155,209	10.9%	\$3,617,535	-\$2,976,110	-82.3%
5	Everest Ind Ins Co*	\$1,686,785	5.8%	\$1,885,133	\$803,049	42.6%
6	Arch Speciality Ins Co*	\$535,000	1.8%	\$458,128	\$275,110	60.1%
7	American Excess Ins Exchange RRG**	\$340,850	1.2%	\$116,097	\$75,883	65.4%
8	Cincinnati Ins Co	\$191,670	0.7%	\$233,322	\$184,287	79.0%
9	Evanston Ins Co*	\$81,914	0.3%	\$40,403	-\$147,029	-363.9%
10	Columbia Cas Co*	\$64,715	0.2%	\$17,833	\$0	0.0%
11	Woodbrook Cas Ins Inc	\$55,536	0.2%	\$76,885	-\$290,731	-378.1%
12	Church Mutual Ins Co	\$47,517	0.2%	\$40,551	\$56,268	138.8%
13	Essex Ins Co*	\$1,996	0.0%	\$1,996	\$1,330	66.6%
	Remaining Insurers	-\$11,231	0.0%	\$1,106,059	\$1,407,714	127.3%
	Actively Writing					
	Licensed Companies (4)	\$7,129,172	24.6%	\$7,185,207	\$2,882,541	40.1%
	*Surplus Lines Writers (8)	\$21,540,390	74.3%	\$19,563,078	\$5,936,200	30.3%
	**Risk Retention Groups (1)	\$340,850	1.2%	\$116,097	\$75,883	65.4%
	Grand Total (13)	\$28,999,181	100.0%	\$27,970,441	\$10,302,338	36.8%

Excludes Self Insured Hospitals

Other Health Care Facilities

2004 West Virginia Business Written

	(NAIC Database)	Direct		Direct	Direct	Direct
	(NAIC Dalabase)	Premiums	Market	Premiums	Loss	Loss
Rank	Company	Written	Share	Earned	Incurred	Ratio
1	Everest Ind Ins Co*	\$650,515	27.0%	\$671,771	\$259,588	38.6%
2	Executive Risk Ind Inc	\$470,403	19.5%	\$432,844	\$213,991	49.4%
3	Lexington Ins Co*	\$465,454	19.3%	\$399,216	\$953,626	238.9%
4	Arch Speciality Ins Co*	\$394,687	16.4%	\$482,339	\$197,745	41.0%
5	Guardian RRG Inc**	\$283,576	11.8%	\$283,576	\$0	0.0%
6	Campmed Cas & Ind Co Inc MD	\$35,195	1.5%	\$23,312	\$4,452	19.1%
7	Royal Surplus Lines Ins Co*	\$32,046	1.3%	\$91,482	-\$39,224	-42.9%
8	American Alt Ins Corp	\$27,742	1.1%	\$24,466	-\$13,286	-54.3%
9	St Paul Fire & Marine Ins Co	\$26,503	1.1%	\$49,263	\$134,299	272.6%
10	Western World Ins Co*	\$21,913	0.9%	\$28,692	\$9,842	34.3%
11	National Fire & Marine Ins Co*	\$5,000	0.2%	\$5,000	\$4,000	80.0%
12	Steadfast Ins Co*	\$139	0.0%	\$84	\$69,484	82719.0%
	Remaining Insurers	\$0	0.0%	\$18,351	-\$7,494,150	-40837.8%
	Actively Writing					
	Licensed Companies (4)	\$559,843	23.2%	\$529,885	\$339,456	64.1%
	*Surplus Lines Writers (7)	\$1,569,754	65.0%	\$1,678,584	\$1,455,061	86.7%
	**Risk Retention Groups (1)	\$283,576	11.8%	\$283,576	\$0	0.0%
	Grand Total (4)	\$2,413,173	100.0%	\$2,510,396	-\$5,699,633	-227.0%

Other health care facilities include nursing homes

Other Health Care Professionals

2004 West Virginia Business Written

	(NAIC Database)	Direct		Direct	Direct	Direct
		Premiums	Market	Premiums	Loss	Loss
Rank	Company	Written	Share	Earned	Incurred	Ratio
1	American Cas Co of Reading PA	\$791,671	18.5%	\$757,394	\$341,414	45.1%
2	Continental Casualty Co	\$734,116	17.2%	\$711,649	\$232,580	32.7%
3	Landmark Amer Ins Co*	\$428,689	10.0%	\$291,177	\$129,577	44.5%
4	Gulf Ins Co	\$337,288	7.9%	\$327,689	\$3,695,065	1127.6%
5	Chicago Ins Co	\$302,968	7.1%	\$299,081	\$1,377,537	460.6%
6	Evanston Ins Co*	\$239,605	5.6%	\$172,251	\$109,713	63.7%
7	Cincinnati Ins Co	\$226,535	5.3%	\$201,170	-\$216,527	-107.6%
6	NCMIC Ins Co	\$227,117	5.3%	\$217,132	-\$71,134	-32.8%
7	National Union Fire Ins Co of Pittsburgh	\$218,192	5.1%	\$204,540	\$2,184,790	1068.1%
8	Lexington Ins Co*	\$177,936	4.2%	\$116,661	-\$14,344	-12.3%
9	Western World Ins Co*	\$173,959	4.1%	\$181,762	-\$998	-0.5%
10	Granite State Ins Co	\$82,042	1.9%	\$88,431	\$35,614	40.3%
11	Woodbrook Cas Ins Inc	\$59,499	1.4%	\$82,164	-\$86,836	-105.7%
12	Columbia Cas Co*	\$54,363	1.3%	\$40,728	\$0	0.0%
13	Ace American Ins Co	\$24,183	0.6%	\$16,021	-\$3,892	-24.3%
14	Medical Protective Co	\$22,960	0.5%	\$22,161	-\$1,000	-4.5%
15	TIG Ins Co	\$22,435	0.5%	\$29,739	-\$255,365	-858.7%
16	Admiral Ins Co*	\$21,500	0.5%	\$17,731	\$12,066	68.1%
17	American Ins Co	\$21,139	0.5%	\$15,271	\$1,008	6.6%
18	St Paul Fire & Marine Ins Co	\$19,208	0.4%	\$25,838	\$43,917	170.0%
19	Doctors Co An Interins Exchange	\$16,514	0.4%	\$23,078	\$0	0.0%
20	Essex Ins Co*	\$15,248	0.4%	\$12,575	\$7,434	59.1%
21	Westport Ins Corp	\$13,795	0.3%	\$12,690	\$4,804	37.9%
22	Security Ins Co of Hartford	\$13,191	0.3%	\$20,592	\$1,805	8.8%
23	American Assoc of Othodontists RRG**	\$7,330	0.2%	\$6,952	\$432	6.2%
24	Campmed Cas & Ind Co Inc MD	\$5,582	0.1%	\$1,927	\$368	19.1%
25	Interstate Fire & Cas Co*	\$5,027	0.1%	\$1,047	\$181	17.3%
26	Nationwide Mutual Ins Co	\$4,476	0.1%	\$4,751	-\$1,442	-30.4%
27	Pharmacists Mutual Ins Co	\$4,073	0.1%	\$3,901	-\$130	-3.3%
28	National Fire Ins Co of Hartford	\$2,114	0.0%	\$1,841	-\$71,010	-3857.1%
29	Church Mutual Ins Co	\$1,928	0.0%	\$1,750	\$1,420	81.1%
30	Allied Professional Ins Co*	\$1,788	0.0%	\$388	\$98	25.3%
31	Nationwide Mutual Fire Ins Co	\$1,050	0.0%	\$1,108	\$90	8.1%
32	American Home Assurance Co	\$824	0.0%	\$756	\$1,006	133.1%
33	American Automobile Ins Co	\$207	0.0%	\$216	\$1,218	563.9%
	Remaining Insurers	-\$1,000	0.0%	\$577	\$29,408	5096.7%
ľ	Actively Writing					
	Licensed Companies (23)	\$3,153,107	73.7%	\$3,070,890	\$7,215,300	235.0%
ļ	*Surplus Lines Writers (9)	\$940,179	22.0%	\$717,659	\$258,071	36.0%
ŀ	**Risk Retention Groups (1)	\$7,330	0.2%	\$6,952	\$432	6.2%
ŀ	, , , , , , , , , , , , , , , , , , ,	. ,		. ,		
ŀ	Grand Total (33)	\$4,277,552	100.0%	\$3,912,739	\$7,488,867	191.4%

Other Health Care Professionals, including dentists

OTHER MED MAL POLICIES

2004 West Virginia Business Written

	(NAIC Database)	Direct Premiums	Market	Direct Premiums	Direct Loss	Direct Loss
Rank	Company	Written	Share	Earned	Incurred	Ratio
1	Physicians Specialty Ltd RRG**	\$1,364,070	48.3%	\$1,378,715	\$419,645	30.4%
2	Ophthalmic Mut Ins Co RRG**	\$1,236,297	43.8%	\$1,154,140	\$84,677	7.3%
3	Oms Natl Ins Co RRG**	\$199,225	7.1%	\$187,630	\$27,536	14.7%
4	State Farm Fire & Cas Co	\$22,161	0.8%	\$10,819	\$0	0.0%
5	Fortress Ins Co	\$2,132	0.1%	\$1,069	\$135	12.6%
	Remaining Insurers	\$0	0.0%	\$0	-\$157,525	0.0%
	Actively Writing					
	Licensed Companies (2)	\$24,293	0.9%	\$11,888	\$135	1.1%
	**Risk Retention Groups (3)	\$2,799,592	99.1%	\$2,720,485	\$531,858	0.0%
	Grand Total (5)	\$2,823,885	100.0%	\$2,732,373	\$374,468	13.7%

Total Medical Malpractice

2004 West Virginia Business Written

	(NAIC Database)	Direct Direct Direct Direct					
	(NAIC Dalabase)	Premiums	Market	Premiums	Loss	Loss	
Rank	Company	Written	Share	Earned	Incurred	Ratio	
1	West Virginia Physicians' Mut Ins Co	\$77,989,833	54.5%	\$57,965,027	\$32,051,282	55.3%	
2	Lexington Ins Co*	\$13,379,898	9.4%	\$11,332,914	\$7,767,650	68.5%	
3	Woodbrook Cas Ins Inc	\$9,727,987	6.8%	\$11,374,076	\$312,819	2.8%	
4	NCRIC Inc	\$7,173,744	5.0%	\$8,550,907	\$4,258,000	49.8%	
5	Health Care Indemnity Inc	\$7,058,909	4.9%	\$7,058,909	\$3,112,286	44.1%	
6	National Fire Ins Co of Hartford	\$3,632,541	2.5%	\$2,782,640	\$1,112,682	40.0%	
7	Capitol Specialty Ins Corp*	\$3,405,000	2.4%	\$2,849,438	\$1,220,213	42.8%	
8	First Specialty Ins Corp*	\$3,155,209	2.2%	\$3,617,535	-\$2,976,110	-82.3%	
9	Everest Indemnity Ins Co*	\$2,337,300	1.6%	\$2,556,904	\$1,062,636	41.6%	
10	APSpeciality Ins Co*	\$2,111,611	1.5%	\$2,111,973	-\$30,625	-1.5%	
	Physicians Specialty Ltd RRG**	\$1,364,070	1.0%	\$1,378,715	\$419,645	30.4%	
11						7.3%	
12	Ophthalmic Mutual Ins Co RRG**	\$1,236,297	0.9%	\$1,154,140	\$84,677		
13	Doctors Co An Interins Exchange	\$1,193,291	0.8%	\$1,294,528	\$359,500	27.8%	
14	Arch Specialty Ins Co*	\$929,687	0.7%	\$940,467	\$472,854	50.3%	
15	American Cas Co of Reading PA	\$800,036	0.6%	\$764,241	\$259,770	34.0%	
16	National Union Fire Ins Co of Pittsburgh	\$742,921	0.5%	\$673,664	\$1,431,560	212.5%	
17	Continental Casualty Co	\$734,116	0.5%	\$711,649	-\$1,030,282	-144.8%	
18	Executive Risk Indemnity Inc	\$470,404	0.3%	\$432,844	\$275,618	63.7%	
19	Preferred Physicians Medical RRG**	\$462,448	0.3%	\$462,392	\$13,982	3.0%	
20	Landmark American Ins Co*	\$428,689	0.3%	\$306,367	\$145,631	47.5%	
21	Evanston Ins Co*	\$426,454	0.3%	\$284,359	-\$801,397	-281.8%	
22	Cincinnati Ins Co	\$422,697	0.3%	\$435,916	-\$60,167	-13.8%	
23	National Guardian RRG Inc**	\$363,362	0.3%	\$363,362	\$0	0.0%	
24	American Excess Ins Exchange RRG**	\$340,850	0.2%	\$116,097	\$75,883	65.4%	
25	Gulf Ins Co	\$337,288	0.2%	\$327,689	\$2,560,811	781.5%	
26	Medical Protective Co	\$304,218	0.2%	\$241,303	\$838,500	347.5%	
20 27	Chicago Ins Co	\$303,010	0.2%	\$299,156	\$1,411,907	472.0%	
	General Star Ind Co*	\$284,634	0.2%	\$189,116	\$69,000	36.5%	
28							
29	Professional UW Liab Ins Co*	\$284,051	0.2%	\$255,230	\$49,933	19.6%	
30	Guardian RRG Inc**	\$283,576	0.2%	\$283,576	\$0	0.0%	
31	Podiatry Ins Co of America RRG Mutual Co**	\$247,755	0.2%	\$241,659	-\$8,881	-3.7%	
32	NCMIC Ins Co	\$226,117	0.2%	\$217,132	-\$71,179	-32.8%	
33	Oms National Ins Co RRG**	\$199,225	0.1%	\$187,630	\$27,536	14.7%	
34	Western World Ins Co*	\$195,872	0.1%	\$210,454	\$8,845	4.2%	
35	Green Hills Ins Co RRG**	\$160,647	0.1%	\$107,098	\$32,810	30.6%	
36	Columbia Casualty Co*	\$150,231	0.1%	\$86,403	\$667	0.8%	
37	Professionals Advocate Ins Co	\$102,748	0.1%	\$123,662	-\$995	-0.8%	
38	Granite State Ins Co	\$82,042	0.1%	\$88,431	\$35,614	40.3%	
39	Church Mutual Ins Co	\$49,445	0.0%	\$42,301	\$57,689	136.4%	
40	Campmed Cas & Ind Co Inc MD	\$40,777	0.0%	\$25,239	\$11,694	46.3%	
41	American Healthcare Ind Co	\$34,142	0.0%	\$34,142	\$11,333	33.2%	
42	Royal Surplus Lines Ins Co*	\$32,046	0.0%	\$91,482	-\$39,224	-42.9%	
43	American Alternative Ins Co	\$27,742	0.0%	\$24,466	-\$13,286	-54.3%	
	American Ins Co	\$27,429	0.0%	\$24,091	\$1,008	4.2%	
44	Ace American Ins Co						
45		\$24,183	0.0%	\$16,021	-\$2,850	-17.8%	
46	TIG Ins Co	\$22,435	0.0%	\$29,739	-\$257,500	-865.9%	
47	State Farm Fire & Cas Co	\$22,161	0.0%	\$10,819	\$0	0.0%	
48	Admiral Ins Co	\$21,500	0.0%	\$17,731	-\$504	-2.8%	
49	National Fire & Marine Ins Co	\$20,000	0.0%	\$20,000	\$16,000	80.0%	
50	Essex Ins Co*	\$19,744	0.0%	\$33,352	\$7,276	21.8%	
51	Westport Ins Corp	\$13,795	0.0%	\$12,690	\$4,804	37.9%	
52	Security Ins Co of Hartford	\$13,191	0.0%	\$20,592	\$1,805	8.8%	
53	Darwin Natl Assurance Corp	\$11,847	0.0%	\$2,108	\$905	42.9%	
54	Amer Assoc of Orthodontists RRG**	\$7,330	0.0%	\$6,952	\$432	6.2%	
55	Interstate Fire & Casualty Co*	\$5,033	0.0%	\$1,053	-\$150,685	-14310.1%	
56	Nationwide Mut Ins Co	\$4,476	0.0%	\$4,751	-\$1,476	-31.1%	
		., -		+ /		- · · ·	

57

57	Pharmacists Mut Ins Co	\$4,073	0.0%	\$3,901	-\$130	-3.3%
58	Fortress Ins Co	\$2,132	0.0%	\$1,069	\$135	12.6%
59	Allied Professionals Ins Co RRG**	\$1,788	0.0%	\$388	\$98	25.3%
60	Nationwide Mutual Fire Ins Co	\$1,050	0.0%	\$1,108	\$90	8.1%
61	American Home Assurance Co	\$824	0.0%	\$3,903	-\$480	-12.3%
62	Steadfast Ins Co*	\$354	0.0%	\$257	\$1,243,234	483748.6%
63	Travelers Property Cas Co of America	\$13	0.0%	\$8	\$1,812	22650.0%

Remaining Insurers	-\$480,734		\$666,218	-\$9,983,804	-1498.6%
-					
Actively Writing					
Licensed Companies (36)	\$111,643,117	78.1%	\$93,636,453	\$46,688,775	49.9%
*Surplus Lines Writers (16)	\$27,145,813	19.0%	\$24,867,304	\$8,049,898	32.4%
**Risk Retention Groups (11)	\$4,667,348	3.3%	\$4,302,009	\$646,182	15.0%
Grand Total (63)	\$142,975,544	100.0%	\$123,471,984	\$45,401,051	36.8%